

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7355**

**BILL NUMBER:** HB 1610

**NOTE PREPARED:** Jan 6, 2003

**BILL AMENDED:**

**SUBJECT:** Custodial Accounts.

**FIRST AUTHOR:** Rep. Whetstone

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF) to use a bank or trust company that is incorporated or transacts business in Indiana to manage the funds' custodial accounts.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** The proposal would remove any out-of-state vendors from being considered as account custodians.

*Background Information:* Both PERF and TRF were using National City Bank (NCB) Indianapolis to manage their custodial accounts. PERF was paying NCB approximately \$2 M per year, while TRF was paying about \$1 M per year. As of January 1, 2003, TRF is using Northern Trust from Chicago, and will be paying approximately \$150,000 per year for custodial services. PERF has issued a Request For Proposal (RFP) for custodial services. PERF expects to pay less than \$1 M for such services for the coming year.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Public Employees' Retirement Fund and the Teachers' Retirement Fund.

**Local Agencies Affected:**

**Information Sources:** Doug Mills, Chief Financial Officer of PERF, 234-2075; Bob Newland, Chief Investment Officer of TRF, 232-3868.

**Fiscal Analyst:** James Sperlik, 317-232-9866.